



DVD

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To: Bill Baker

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PROPOSERS CONCEDE DVD LAUNCH DELAY: Suppliers moved step closer last week toward acknowledging publicly what most industry observers already assume -- there will be no DVD product on store shelves this year.

"There's no question there will be a delay; the question is how long the delay will be," said Guy Johnson, Thomson vp-multimedia & video product management. He said fate of 1996 launch should be known definitively within 2-3 weeks, pending outcome of engineering talks to hash out barest of technical specifications needed on DVD digital-to-digital copy protection that would permit some allocations of players and software to reach consumers this year.

Johnson stopped short of throwing in towel on 1996 launch. But assessment was his most pessimistic to date and far cry from statements he made 2 months ago when he told reporters that "despite what you may hear and read," DVD "is going to happen this year" (VW April 8 p2). Johnson said that with basic framework in place for seeking comprehensive solution on DVD copy protection, it behooves software industry to rally around technical proposals.

Toshiba hasn't abandoned plans officially to launch DVD products by Labor Day weekend, but Toshiba America Mktg. Vp Stephen Nickerson conceded that "we see it's probably not going to happen." However, he said, company doesn't foresee more than 30-day launch delay thereafter, which would place first units in consumers' hands by early Oct. "It's just a matter of knowing for certain what the copy protection solution is and making what modifications on the chipsets that are needed," Nickerson said. He agreed that to meet Oct. deadline, closure is needed on barest aspects of copy protection proposals in 2-3 weeks.

Like Johnson, Nickerson said onus is on software companies to have product available to support hardware launch: "If there is no software available, it doesn't make a lot of sense to produce hardware." Even if studios can't deliver 250-title DVD pool as has been promised for fall launch, Nickerson said, "we wouldn't be uncomfortable" starting with 100 titles, assuming "we knew there were going to be 10 to 15 titles coming in each week."

Trump card is whether negotiators can agree on specific remaining details on digital-to-digital encryption methods that would permit manufacturers to finish modifying key DVD components and start production lines. Companion challenge is delivering encrypted software masters to replication plants. Alan Bell, project mgr. in IBM Almaden Research Center, San Jose, who co-chaired technical working group that completed work on report delivered at anticlimactic Washington meeting June 21 (VW June 24 p1), said it's conceivable work on minimum essentials for DVD 1996 launch can be finished "in weeks or months rather than years" (see related report, this issue).



Warren Publishing • 2115 Ward Court, N.W. • Washington, D.C. 20037 • 202-872-9200 • FAX 202-293-3435

MUCH WORK REMAINS ON DVD COPY PROTECTION – TECHNICAL REPORT: June 25 wire service accounts, quoting Tokyo-based Toshiba spokesman, erroneously reported that DVD consortium companies had reached final agreement on DVD copy protection circuitry that would permit fall product launch to go forward. Only fraction of work actually has been completed, fact made clear in report by multi-industry technical working group on copy protection.

Report was focal point of June 21 Washington meeting of companies and trade groups in consumer electronics, music, movie and PC industries. Although eagerly anticipated for possible breakthrough announcement on DVD copy protection, meeting was anticlimactic and yielded few substantive results (VW June 24 p1). Not only was no cohesive agreement reached on copy protection, participants apparently differed on whether technical report should even be released. Some who attended said group believed they had tacit understanding that no documents would be released to reporters. However, PR staff at IBM's Almaden Research Center in San Jose openly faxed copies of technical report to news organizations, including ours, and aggressively solicited interviews of Alan Bell, IBM project mgr. and co-chmn., and 5 others on copy protection working group.

Virtual who's who list of companies and trade groups participated in technical discussions or "provided input," report said. Group reached "overall consensus" that DVD and other digital content "should be protected prior to initial distribution, by some combination of encryption and/or scrambling type encoding by the copyright owner." At least 4 proposals are on table for encryption-based digital-to-digital copy protection, including plans submitted by Apple

Computer, Hewlett Packard, Matsushita. There's also plan from previously unknown proponent Electronic Publishing Resources Inc., Sunnyvale, Cal., which said its proposal is based on research it has conducted over last 10 years. Bell told us it's likely that final encryption plan will draw from all submitted proposals.

CruX of challenge now facing engineers is told in report's acknowledgment that "the use of encrypted content alone does not prevent the making of digital copies." For write-once and rewritable DVD recorders in particular, report said, comprehensive solution "will require a method to allow playback of a copy by a DVD player or drive only when that copy complies with the usage conditions set forth by the content owner." But report said "further study is required" to determine how variety of possible "playback control schemes" could be deployed "to support one-generation copying and serial copy management, and under what circumstances these features are required."

Frequent references in report to areas requiring further study suggest huge workload remains. While relative consensus has been achieved on using encryption for digital-to-digital copy protection, there's currently no provision for applying Macrovision or other digital-to-analog technology to RGB output of computers, report says. For more information on specifics of technical aspects of report, see this week's issue of our affiliated publication *Audio Week* (contact Betty Alvine in our Washington hq, 202-972-9200).

Group said it now has completed "broad consideration of the technological approaches which might form the basis for a mutually acceptable and reasonably effective copy protection scheme." It recommended that next phase include "more detailed and open technical discussions involving the development of specific proposals on the detailed specifications." Group recommended starting first on "near-term issues" related to DVD player and DVD-ROM introductions, expanding later to include copy protection in digital delivery era.